

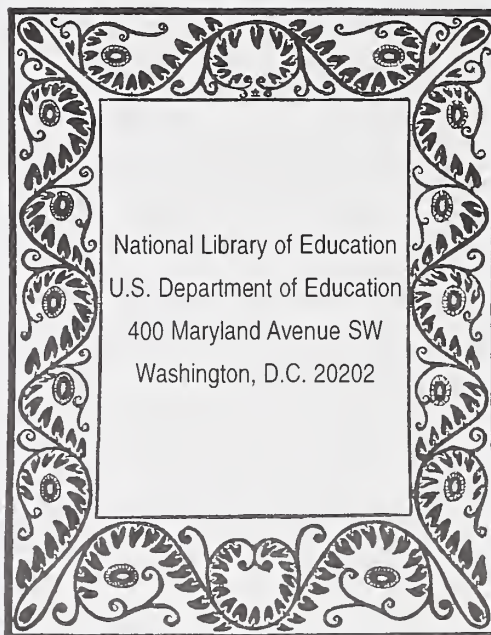
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Department of Health, Education,  
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Office of Education

Final Report To The Secretary From  
The Commissioner of Education

JUNE, 1979

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UNITED STATES OFFICE OF EDUCATION

Progress Report: January 1977 - July 1979

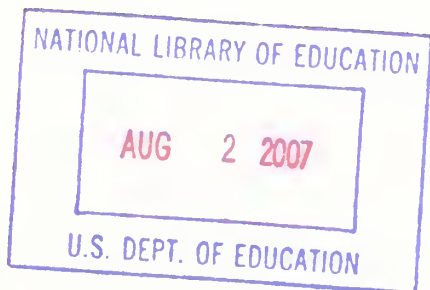
INTRODUCTION

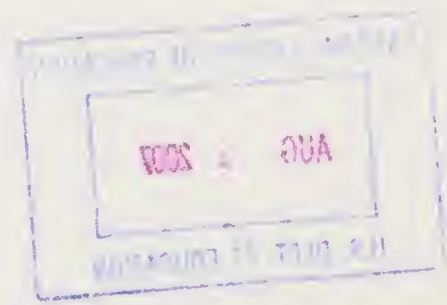
Since January 1977, I have had the good fortune of serving the Carter Administration as Commissioner of Education. This experience has been, for me, exceptionally satisfying, and I'm most grateful to President Carter, Secretary Califano, Office of Education colleagues and members of Congress for their friendship and support.

This report summarizes activities of the Office of Education during the past two and one half years. I submit it now as I complete my tenure as Commissioner.

No resignation time seems "right" and I'm acutely aware that the Office of Education agenda for reform is not finished. And yet I also believe considerable progress has been made, and for this President Carter, Vice-President Mondale, and Secretary Califano must be given central credit for their consistent belief in and support of education as a top priority of this Nation.

  
Ernest L. Boyer





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## 1. THE EDUCATION BUDGET

We all know that budgets reveal priorities and this administration's commitment to education is dramatically established by its education budget.

Since the Carter Administration took office, Federal support for education has increased from President Ford's fiscal year 1978 budget of \$7.6 billion to the fiscal year 1980 budget of \$12.2 billion, a 61% increase in just two years!

Comparing fiscal year 1977 appropriations to the 1980 budget request, we find dramatic increases:

- Title I of the Elementary and Secondary Education Act - our central compensatory education program - moved from \$2.3 to \$3.4 billion, a 52% increase.
- The Education for the Handicapped State Grants program increased by 250%, from \$252 to \$862 million.
- Bilingual Education has grown 63%, from \$115 million to \$174 million.
- For Indian Education the budget increased from \$33.6 million to \$76.9 million, a growth of 129%; this was also the first administration to propose any increase for this activity.
- Higher Education Student Assistance increased dramatically from \$3.0 to \$4.6 billion. This is a 53% growth which means 1,349,000 additional students can be served.
- In Emergency School Aid, the growth was up 25%, from \$284 million to \$354 million.





## 2. OFFICE OF EDUCATION REORGANIZATION

In 1977 the Office of Education was structurally in bad shape. The Commissioner's Office was crippled by a tangled structure and the Bureau arrangement was flawed. To strengthen and streamline the structure, the following moves were made:

### The Commissioner's Office

- The number of staff units was reduced from 28 to 7.
- An Assistant Commissioner for Executive Operations was named to centrally control all priority correspondence.

In early 1977, the correspondence backlog was 150 pieces. Within 6 months the backlog had been cut to 55 pieces per week. By 1978, a totally computerized correspondence tracking system was in place.

- A series of ragged, often unrelated, external relations functions were brought together in a new office: Assistant Commissioner for Educational Community Liaison. This "ombudsman" office has been most successful in building bridges with the wide range of constituents and interest groups concerned with education. During the past two and one half years, the Commissioner has met with thousands of constituents both to listen to their concerns and to tell the Administration's education story.

### The Executive Deputies

I quickly saw that many crucial administrative functions in OE were in great trouble. I concluded that the Commissioner needed not one but at least two Executive Deputies. There is no particular magic about structure but in this case I felt OE required one Executive Deputy to devote full time to educational programs and one Executive Deputy to direct the administrative support services: personnel, budget, audits, grants and contracts needed tough and full-time oversight. I believe the record of agency performance justifies this shift.



## The Bureaus

- A new Bureau of Student Financial Assistance was created to consolidate six student aid programs and better manage a major student loan default crisis.
- A new Bureau of School Improvement was established to coordinate 23 discretionary grant programs that were scattered throughout the Office of Education. Placing those small but crucial programs in a single unit will improve administration to help the constituents as well.
- A new Bureau of Non-Public Schools was formed to give special oversight to the private school services which have been too long neglected. On a related matter it should be noted that this administration has given vigorous support to non-public schools. Since January, 1977, the Commissioner has approved 73 new "by-pass" arrangements to get Federal support to 3,000 private school children who were not being served. Before January, 1977, only 3 such "by-pass" arrangements had been approved.
- The Bureau of Elementary and Secondary Education made significant changes in both structure and in personnel. ESEA Title I was given special status and for the first time the Director of the largest and most important of our compensatory programs reports directly to the Deputy Commissioner. Also, the Associate Deputy Commissioners in this Bureau were reassigned to permit fresh leadership and vision.

Finally, as a model for the agency, Bureau units where all employees are of a single race are being integrated through selective reassignments.

- The Bureau of Indian Education greatly strengthened its internal structure by creating an Associate Deputy position for management control and by reorganizing along functional lines.
- In other bureaus and offices, special internal reorganizations are underway to similarly improve management and thus provide better service to our constituents.



## Regional Office Reorganization

OE's regional offices were in great confusion. Programs had been "broken up" and assigned to these ten offices with very little logic. Clearly, some governance was needed in this field. During the past two and one half years, OE's regional offices were dramatically reshaped.

- A clear Regional Office role was established.
- All key programs which had become so fragmented were recentralized along with contract and grant authorities in order to insure uniform and efficient administration.
- A Regional Office of Educational Programs was established in each region to provide improved technical assistance, dissemination and inter-governmental services.
- A regional administrative unit for Student Financial Assistance was established under the direction of a Regional Administrator directly responsible to the Deputy for Student Financial Assistance to ensure strict administrative accountability.
- Ten new Regional Commissioners for Educational Programs were appointed.

With these changes, the Regional Offices have been brought together as a coordinated, functioning unit of OE and I believe that for the first time in recent years, these offices have a clear, explicit sense of mission.



### 3. EDUCATIONAL PRIORITIES

#### Basic Skills

Promoting excellence in education has been a central theme of this administration. To achieve this end we focused on the fundamentals in a number of our programs.

- Title I which provides compensatory help for 6.5 million children in 14,000 school districts was strengthened administratively and provided increased appropriations.
- The Title I "Concentration" provision in the new ESEA legislation focuses additional money on districts with large numbers of disadvantaged children making it possible for them to help still more children improve their performance on the basic skills.

The money makes a difference. The latest NIE study reveals that Title I children make 12 months gain for 7 months instruction in language and 12 months gain for 8 months math instruction.

- Title II of the new ESEA legislation was another breakthrough. For the first time, improving Basic Skills instruction was identified as a major goal and a federal-state partnership was proposed. By June 15, fifty states had agreed to prepare a state wide plan to improve instruction in the basic skills and agreements are being signed with the U.S. Commissioner of Education.
- Bilingual Education also has made a major turnaround. A new director was secured. The mastery of English became a more explicit goal. For the first time all grant applicants were required to test the language ability of students they admit to establish need. In Federally assisted projects, the percentage of children who most need bilingual education has increased from 33 to 70 percent in just two years.





## Education and Work

Binding school to work has been another major goal. In March, 1976, Secretary Califano and Secretary Marshall signed an unprecedented interdepartmental agreement. A joint HEW-Labor panel was established to implement this agreement. By June, 1979, the following work education projects were in place:

- A two-year demonstration effort to link CETA prime sponsor projects and "regular" vocational education programs in 20 sites (DOL: \$2 million and OE: \$1 million),
- A three year project at 60 school sites to try out new job market possibilities for handicapped and "high-risk" youth (DOL: \$9 million and OE: \$1.25 million),
- A summer work-study program at 6 sites to reduce attrition rates of minorities at college through skill training in high labor-demand occupations (\$1 million transferred from DOL).
- A demonstration project to address the financial and career development needs of disadvantaged youth by adding work components to 10 traditional Upward Bound programs(\$.6 million from DOL).

OE's cooperative education program has been reshaped to link college students more directly to the world of work. New "concentration" grants averaging \$1 million are planned for 1981 to involve 7 large urban institutions in college-wide cooperative education programs.

## Higher Education

This Administration has dramatically enhanced higher education

- Increasing access to higher education is our central goal and student assistance support has been increased to reflect this. This growth has been felt in all programs and has been large enough to significantly affect the size of most awards.



<u>Program</u>	<u>Per Cost Increase</u>	<u>Increase in Average Grant</u>
Basic Grants	+46%	\$+88
Supplemental Grants	+36%	+45
Work-study	+41%	+65
State Incentive Grants	+28%	No change
Loan Programs	+75%	N/A
-- The Developing Institutions budget (HEA, Title III) was funded to its full authorization (\$20 million) for the first time in its history in fiscal year 1978. Title III regulations also have been rewritten to clarify objectives and improve administration of the essential programs.		
-- A new Graduate Professional Educational Opportunities program was launched in fiscal year 1978 to expand access for under-represented minorities and women. This program began with \$3 million the first year and in 1980, two years later, we are seeking \$15 million.		
-- We funded for the first time the Research Libraries program which has given an average of \$250,000 to twenty of the Nation's leading libraries to maintain their essential peaks of excellence.		

#### Educating the Handicapped

- Implementing the Education for All Handicapped Act has been a top priority and we have increased funding to the States each year for this purpose. State plans have been developed in every state but one and the number of handicapped children enrolled in the public school has increased from 3.5 million to 3.95 million.
- Closed caption TV has also been introduced. Through OE sponsored research, a system of "closed" captioning has been developed and early this year an agreement was concluded with Sears Roebuck to make the decoders available at low cost. In March 1979, ABC, NBC, and PBS agreed to broadcast closed caption programs--serving 14 million deaf and hearing impaired people.



#### 4. LEGISLATION

##### The Education Amendments of 1978

This legislation embodied nearly all of the Administration's proposals for improvements in the Elementary and Secondary Education Act of 1965, including:

- Title I Concentration: A provision authorizing \$400 million in new grants to school districts with exceptionally high concentrations of children from low-income families was added.
- Program Improvements: Other provisions across titles included using multi-year application cycles to reduce paperwork and planning burdens, developing school-wide project authority, increasing parental and teacher involvement, and streamlining procedures to improve services in private schools.
- Basic Skills: Title II of ESEA provides for a new program to improve the achievement of children in basic skills. Also included was new Federal assistance to States for the development of improved tests to measure students' basic academic skills.
- Special Projects: In the new Title III, the restrictive formulae of the old Special Projects Act was replaced by a broad discretionary authority and separately authorized activities.
- Emergency School Aid: This program was changed to encourage voluntary desegregation and to permit more flexible funding.

##### The Middle Income Student Assistance Act

The Administration opposed legislation that proposed authorizing tuition tax credits at the elementary, secondary, and postsecondary education levels. In our judgment, enactment of tuition tax credits at the elementary and secondary levels would represent a significant threat to the future of public education in this country. At the postsecondary level, while opposing tax credits, we worked with the Congress to pass the Middle Income Student Assistance Act, (P.L. 95-566).



This law expanded eligibility for student financial aid to approximately one-third of the students enrolled in postsecondary education institutions.

- Students from families with incomes of up to \$25,000 are now eligible for Basic Educational Opportunity Grants;
- The amount that families are expected to contribute to their children's postsecondary education is now reduced;
- All students, regardless of family income level, are now eligible for federally subsidized guaranteed loans.

As a result of this liberalization, 1 million additional students now qualify for student aid.





## 5. FINANCE & MANAGEMENT

Shortly after coming to the agency I discovered serious problems in OE's Finance Division. We have, during the past 12 months, moved vigorously to correct this crisis situation.

### Staffing

- The ceiling for the division was increased by 24 positions, from 82 to 106.
- The goal to achieve an adequate staffing level by reducing vacancies from 24 to no more than 7, was achieved by May 31, 1979. Full staffing is expected by the end of the fiscal year.
- Branches have been reorganized and career ladders established to improve staff utilization and cut personnel losses.

### Increasing Accuracy in Financial Records

- The Division has a "pre-edit" system to screen out errors in obligated data submitted to it by the Bureaus prior to entry into the OE Financial Management Information System (OEFMIS). This year, the percentage of errors in bureau submissions has been reduced from about 50 percent to 2 percent.
- The backlog of uncorrected accounting errors already in OEFMIS has been reduced from 54,000 to 35,000 transactions. (Only staff shortages prevented the Division from further reducing the error file.)

### Improving Fiscal Accountability and Reporting

- We are ahead of schedule in securing General Accounting Office approval of the OE Accounting Manual by the end of the fiscal year. As of May 31, 1979, 85 percent of the chapters have been approved.

By 1980 we will have

- Installed additional computer capability to provide
  - an audit trail of individual financial transactions; will trace each transaction from commitment of funds to closeout with instant feedback on current status, and



- an automated fund control system with instant update and report back of the status of funds for each budget activity or subactivity,
- Reconciled the OE Automated General Ledger and subsidiary records with
  - The Departmental Federal Assistance Financing System
  - OE Letter of Credit System
  - Treasury Department Disbursing Reports,
- Reconciled student financial aid records, and
- Improved the relevance and accuracy of all fiscal reports.

Improving Computer Efficiency, Payments, and Collections  
to Reduce Costs

- We have purged an estimated one million "zero dollar records" (Obligations recorded but then cancelled) which had accumulated over five years.
- We have produced and sent to Bureaus a computer report of 107,000 "dormant" transactions from fiscal years 1970-1976. Bureaus are currently advising the division which items are still active and which may be closed out and no longer carried in the system.
- Inadequate collection of funds owed to OE as a result of audit disallowances have resulted in the loss of millions of dollars under the statute of limitations. We have taken a number of steps to improve the audit collection process.
  - Developed accounts receivable procedures to keep track of all types of receivables, including those resulting from audit disallowances.
  - Increased accounts receivable staffing from 2 to 9 positions.
  - Developed automated accounts receivable system, currently being loaded.



Improving Fund Control to Prevent Overobligations  
and Overexpenditures

- To prevent obligations from being made by unauthorized staff, the Finance Division has received a full update of those individuals authorized to request funds, make procurement, or approve payments.
- As a future goal we plan to improve the capability to verify funds as available before there are any fiscal transactions; moreover, the division should be able to respond with speed and accuracy on fund availability to program managers and to contract and grants personnel. While we have been successful in producing "Status of Funds" reports earlier each month and, for current year appropriations, weekly instead of monthly, these are stop-gap measures. Only with the installation of the automated fund control system mentioned earlier in this section, will the division have the capability to provide instant up-date on all active transactions.



## 6. GRANTS & PROCUREMENT

### Formula Grant Awards

Historically, OE has lacked the capacity to retrieve formula grant award information in a timely manner. The importance of collection and maintenance of formula grant award data is underscored by the fact that approximately 90 percent of OE funds are awarded through formula programs. To overcome this crucial handicap we moved to

- expand the grants management data system to include formula grant award data and to provide one centralized point for all inquiries from the Department, Congress, and the public concerning agency award activity.
- establish a task force to develop a common data system for all of our State formula awards so we will know the status of all such awards State by State. This new data system is to be in place and program tested by September, 1979.

### Annual Distribution of Contract and Grant Awards

OE's pattern of awarding contracts and grants was terrible. In the past, over half of the awards were made in the last quarter. We are now on a quarter by quarter plan that distributes the awards more evenly across the year.

### Award Schedule

<u>Contracts</u>	<u>FY 1978 Actuals</u>	<u>FY 1979 Goals</u>	<u>FY 1979 Actuals</u>
1st Quarter	1%	5%	4%
2nd Quarter	7%	10%	15%
3rd Quarter	32%	45%	45% est.
4th Quarter	60%	40%	36% est.





<u>Grants</u>	<u>FY 1978 Actuals</u>	<u>FY 1979 Goals</u>	<u>FY 1979 Actuals</u>
1st Quarter	1%	11%	11%
2nd Quarter	2%	27%	28%
3rd Quarter	41%	48%	47% est.
4th Quarter	57%	14%	14% est.
<ul style="list-style-type: none"> <li>- There is also in place an enforced minimum 60 day preparation period for grants and 45 days for contracts to improve quality and</li> <li>- twice a month meetings with each Bureau are now scheduled to assure satisfactory progress in each program, and to reduce slippage from schedule.</li> </ul>			

#### Competitive Procurements

The Office of Education has increased the number of competitive awards (versus non-competitive), to 75 percent. To improve this record to 80 percent by 1980 the following procedures are in place.

- The Non-Competitive Review Board procedures have been revised to allow equal representation of OE program and management officials. The Executive Deputy Commissioner for Resources and Operations will chair the Board.
- A Contract Information System has been implemented to facilitate the analysis of non-competitive award activity by bureau and by contractor.
- An internal review point will assure adequate justification for proposed contracts in the \$10,000 to \$100,000 range with the goal of reducing the number of such contracts.
- Random sampling of procurements under \$10,000 will be performed to insure compliance with HEW Procurement Regulations.
- Procurement Planning Documents must be submitted by August 1, 1979 to allow adequate time to switch a procurement from sole source to competitive to ensure consideration before the end of the fiscal year.



- A procedure is being designed to identify cost savings achieved through increasing competitive procurement.

### Grant Application Review Process

A major difficulty faced by OE with its 150 separate discretionary grant programs is the number of different and often conflicting grant review procedures followed. It was clear from the start that many existing review practices are not only inadequate, but often open to misinterpretation and abuse.

Our goal therefore is to standardize and better control the grant review process.

- In 1978, to improve this process, pilot projects were undertaken, to randomly assign applications to review panels and to list, record and control the process, capture scores and apply statistical methods to them, and produce rank order listings of applications for use in the approval process.
- This will lead to standardization of the application review process and the development of an automated system to support it.

### Guidelines for Grant and Procurement Processes

Because OE had no written guidelines to guide the grant award process, policy direction for formula programs was absent. There were no criteria to determine which projects required monitoring or on-site visits. In addition, procedures implemented by program personnel were often found to be inconsistent with grant and contracts regulations.

Clearly OE needed comprehensive guidelines and procedures for grants and contracts processes. To meet this need we

- prepared and published procedures which define requirements for review and negotiation;
- standardized discretionary grant award formats;
- separated contracts and grants functions.



- A contract and grants manual will soon be published. This manual will include standards for project monitoring including criteria for selecting projects requiring closer monitoring, business management and programmatic review procedures, and standards for reporting the results of site visits.

### Cost Savings

I discovered in the Grants Procurement Division, a chronic and shocking backlog of expired grants and contracts ready to be administratively closed out. As a result, grantees and contractors often have had access to Federal funds that should have been returned to the agency.

In addition, this division has not performed adequately pre-award cost and price analysis to negotiate lower costs.

- By May 31, 1979 the Office of Education has reduced closeout backlog from 25,000 grants and 2,000 contracts down to 9,950 grants and 933 contracts with the resulting deobligation of \$13,000,000 and \$655,000 respectively.
- With the capability to perform better pre-award cost and price analysis, \$250,000 has been saved due to cost-reestimates.
- Last fiscal year the division was authorized additional staff. As a result, progress on these two goals is proceeding on schedule.
  - By the end of the year, \$61,400,000 will be deobligated from closed out grants and contracts, and
  - \$4,000,000 will be saved from pre-award review of contract actions and high dollar value grant awards.



## 7. WASTE, FRAUD & ABUSE

By the end of this fiscal year, we currently project savings of \$524 million--\$436.4 million from various student assistance program initiatives, \$22 million in questionable expenditures in the ESEA Title I program, \$216 thousand from waste reduction in the regulations process, \$4 million from cost reestimation of discretionary grants, and \$61.4 million by deobligating funds from a backlog of grants and contracts that need to be closed out. Progress on these goals and further details on our efforts follow:

### Student Financial Assistance

#### -- Reduction in Federally Insured Student Loan Claims

We have implemented a series of steps to reduce defaulted loans submitted for payment by lending institutions. These include assistance to lending institutions, increased prosecution, and a wide publicity campaign to change attitudes of past and potential student defaulters. Defaulted claims totalled 58,737 by April, 1979, compared to 71,188 in the same fiscal year 1978 period. The reduction of 12,451 claims multiplied by the average value of first, second, and third quarter FY 1979 claims totals \$15.3 million in Federal savings.

#### -- Increased Collections of FISL Defaulted Loans

We have increased the number of defaulted loans in repayment status through aggressive collection activities. By the fourth quarter FY 1978, we had placed 45,000 accounts, with a total loan value of \$64.4 million, into repayment status. By April of this fiscal year, we have placed an additional 53,792 accounts with a loan value of \$74.4 million into repayment for a total value of accounts in repayment of \$138.8 million.

-- In the first six months, of this fiscal year, we have referred over 4,000 civil cases to U.S. Attorneys, compared to a total of about 500 for the previous years.

-- The result of these efforts is that we have reduced the default rate in the Guaranteed Student Loan program from approximately 14 percent in fiscal year 1978 to about 10 percent at the present time.





-- Establishing Institutional Accountability

The Office of Education now conducts systematic program reviews at selected institutions cutting across all student financial assistance programs to identify improperly disbursed Federal funds. By April of this fiscal year we completed 643 program reviews, resulting in \$13.9 million in established liability for repayment by educational institutions. The number of reviews exceeds by 12 percent the total number conducted all of last year. In addition, with the new authority provided by the Education Amendments of 1976, we have moved vigorously to limit, suspend, or terminate those institutions that fail to fulfill the laws and regulations governing student aid programs. Those terminated to date are:

- The National Institute of Health Sciences of Orange, California
- Three Sawyer Schools of Business in Evanston and Waukegan, Illinois, and Milwaukee, Wisconsin
- Graham Institute, Ltd., Davenport, Iowa
- Career Educational Institute, Philadelphia, Pennsylvania.

-- Editing and Validation Activities

The Basic Educational Opportunity Grant Program costs about \$2 billion a year. A student's eligibility for a grant depends upon his family income and a variety of selected data.

Until last year, there was no effective screening system to ensure that these awards went only to eligible students. As a first step, our new editing initiative detects and rejects those applications which are incomplete or contain inconsistent information. As of April of this year there were 488,689 rejected applications outstanding. Secondly, our validation effort has singled out 120,000 applications for intensive scrutiny, primarily because of questionable items. Before they may receive funds, students will be required to substantiate to the institution's financial aid officer the information they have provided on the application.



Available data indicates at least \$237 million in FY 1979 funds will be saved as the result of these new editing and validation initiatives.

-- National Direct Student Loans

As a fourth quarter initiative OE will report on agency efforts to have all participating institutions turn over to this agency for collection the maximum number of their older NDSL defaulted loans allowed by law (50 percent). There are 464,000 such defaulted loans valued at \$372 million.

By the end of this fiscal year, we expect 10,600 loans valued at \$8.4 million to be placed in repayment. By that time, we shall also have developed targets for fiscal year 1980 repayments, closeouts and collections. In addition to obtaining repayment we expect these efforts to result in reducing the default rate on these loans, now running at 17 percent.

Elementary and Secondary Education: Title I

- OE requires that each LEA take corrective action to redirect the funds used for ineligible activities to approved Title I activities. In the first nine months of this fiscal year, OE has identified \$15 million in Federal savings with a total of \$22 million anticipated by September 30.

New Initiatives

In addition to these significant cost savings, both achieved and anticipated, in the student aid programs and in ESEA, Title I, this April we developed several new initiatives in fraud, abuse, and waste control. Some of our work in these areas has already been underway and can now be translated into terms of dollars to be saved.

- As a result of Operation Common Sense we have reduced the number of pages that we must purchase in the Code of Federal Regulations by approximately 500 and have initiated a streamlined clearance process for regulations. These two efforts should result in a total savings of just under a quarter of a million dollars this fiscal year. (The details on this initiative are discussed in the next section of this report.)



- We are implementing a new effort to close out a large backlog of old grants and contracts before our right to collect amounts owed is barred by the statute of limitations. In addition, we will initiate a cost and price review of high cost grant awards to ensure reasonableness. We expect to save \$65 million through these actions. (Details are provided under the discussion of management improvements in agency contract and grant operations which also follows.)



## 8. REGULATION WRITING

In 1977, OE's most fundamental communication with its clients--that dealing with program regulations, announcements about application closing dates, and the specification of information required of applicants for Federal funding--was severely flawed. During the past two and one half years this situation has dramatically improved.

### Operation Common Sense

<u>The Goal</u>	<u>OE Response</u>
- Reduce regulation review and clearance time	- Time reduced from 20 to 10 days - \$9,000 per quarter redirected
- Remove obsolete or non-regulatory information from <u>Code of Federal Regulations</u>	- 498 pages removed - \$149,400 in printing costs saved
- Establish regulation-writing training program	- 100 staff trained
- Engage professional editor	- Hired March, 1978

For a long range effort, we established in October, 1977 a Five Year Plan to recodify 1,200 pages of regulations on a schedule paralleling the reauthorization calendar. Progress as of May 31, 1979 is shown below.

<u>Number of Programs</u>	<u>Pages</u>	<u>Submitted for OS Clearance</u>	<u>Printed As Proposed Regulations</u>	<u>Public Comment Received/Fully Recodified</u>
3	9	X	X	X
9	213	X	X	
18	417	X	X	





## "EDGAR": A Consolidated Regulation

EDGAR (Education Division General Administrative Regulations) presently receiving public comment, is a key part of OE's regulation overhaul. It consolidates into a single document the fiscal and administrative elements common to all the individual program regulations of the Education Division.

### Public Comment on Regulations

Public comment on proposed regulations is more efficient. A new process is in place. Meetings are now conducted by Regional Office Personnel, thus involving a reduced number of Washington-based staff. To further save time and money, meetings on several programs are being scheduled back to back at the same site. The total cost saving in transportation, per diem, site rental and stenography expenses is approximately \$13,200 per quarter.

### Single Announcement Date

Previously, a separate, non-coordinated closing date for applications was announced in scattered fashion for each program. To correct this problem, we publish a single closing date notice for most discretionary grant programs and publish it early to give more time for application preparation.

<u>Fiscal Year</u>	<u>Announcement Date</u>	<u>Number of Programs</u>	<u>Time to Prepare Applications</u>
1978	October, 1977	61	45 days from date of announcement
1979	August, 1978	71	at least 60 days from receipt of application materials
1980	July, 1979	71+	60 days from receipt of application materials



## 9. PAPERWORK BURDEN

### A New Report Policy

In the past, OE had no consistency in the number, frequency, or type of reports required of grantees. This urgently needed attention.

- In 1977 I introduced a new report policy, requiring only one program report and one fiscal report per State or discretionary grant annually. This move reduced by 50 percent the paperwork associated with reporting. This eliminated approximately 35,000 reports with over 300,000 work hours saved.

### Triennial Rather Than Annual Plans

- Where legislatively possible, we are now requiring a State plan once every three years rather than annually.
- Similarly, for ESEA Title I, States may now submit a monitoring and enforcement plan once every three years.
- Localities need apply only every three years to the States for Title I funds.
- For the Emergency School Aid Act, multi-year awards may be made, reducing from 30 to 3 the number of days required for grant renewal applications.

### Form Reduction, Elimination

- For college students, we eliminated a duplicate application system in the Basic Grants program, which cut out 2.5 million forms resulting in a burden reduction of about 5 million work hours.
- We consolidated student applications for federally insured loans.
- At the same time, we introduced a new procedure for postsecondary institutions participating in Federal student aid programs that should reduce the time spent on applications from several weeks to several days.
- We have eliminated portions of 14 other reports cutting out 820,000 work hours.



- We totally eliminated another 22 forms resulting in a savings of another 33,000 work hours.

All together we have reduced the burden hours associated with OE applications and reports by over 6.8 million burden hours annually.

#### Future Plans

Currently we are in the process of

- Consolidating the application procedures for many discretionary programs,
- Consolidating a portion of some State plans into a single document,
- Greatly cutting back on the amount of information required in all applications; a directive has been issued to all Deputy Commissioners to develop a plan for minimizing the physical size of applications for Federal assistance. For many programs, a maximum number of pages has been set which will require program applicants to reduce the size of applications, as compared with those submitted in previous years, by as much as 50 percent.



## 10. STRENGTHEN PERSONNEL PRACTICES

### Affirmative Action

In 1977 I recommended a new Affirmative Action Procedure which focused on both personnel and programs.

The following table illustrates the 1979 minimum employment goals and progress toward these goals for Spring 1979, for OE headquarters and regional offices, grades 5 through 15:

<u>Group</u>	<u>Minimum Goals</u>	<u>Progress</u>	
	<u>December FY 79</u>	<u>June 1978</u>	<u>March 1979</u>
American Indians	2%	0.4%	0.5%
Asian Americans	2%	0.9%	0.8%
Blacks	11%	33.0%	33.0%
Handicapped	8%	4.2%	5.4%
Hispanic Americans	5%	2.7%	2.8%
Women (including those in any above group)	40%	58.9%	58.0%

For key management positions, the Commissioner's office developed minimum goals for increasing representation of women and minorities:

- two black male deputy commissioners (goal achieved)
- one female deputy commissioner (goal achieved)
- two female associate commissioners (one, currently)
- three female assistant commissioners (one, currently)
- two black regional commissioners (goal achieved)
- two Hispanic regional commissioners (goal achieved)
- two female regional commissioners (goal achieved)





For the program side, an OE task force has developed a strategy by which all major OE functions in each bureau will be monitored, including regulation writing, grant making, etc. to ensure they reflect the agency commitment to affirmative action.

### Improve Supervisory Performance

It was quickly apparent that inadequate attention was being given to supervisory performance in OE. Top management was not holding supervisors accountable for carrying out effective supervisory practices. As a result we faced:

- low morale and productivity among the workforce;
- underutilization of talents in the workforce;
- unnecessary grievance, labor-relations complaints and EEO complaints;
- lack of training and skills in supervisory staff;
- many supervisors did not meet Civil Service Commission (CSC) training requirements calling for at least 80 hours of training for newly selected supervisors;
  - top managers did not make training mandatory for supervisors. There was no enforcement procedure to assure compliance with training rules;
  - as of January 1977, only about 30 percent of OE supervisors had met training requirements.
- employee complaints, grievances, and counselling sessions indicate major problems in the supervision of employees;
  - during 1978, 20 formal grievances were filed relating to supervisors' performance;
  - at least twice as many informal complaints were made;
  - supervisors' awards and punishment actions frequently appear to be based on favoritism;
  - leave regulations are not applied equitably;



- employees frequently are assigned to new positions without prior documentation.

To improve supervisory performance and organizational effectiveness through establishment of training and evaluation programs, the following steps were completed:

- identified CSC training requirements for new supervisors and long term training needs for advanced supervisors;
- reviewed training records to determine training needed by supervisors. (Only 49 of 158 supervisors had completed required number of hours of training.);
- identified specific problems, e.g., supervisors have cited the absence of written guidance;
- established Horace Mann Learning Center (HMLC), with a subordinate Executive and Managerial Development component;
- established a Personnel Evaluation Staff (PES) to conduct evaluation studies.
- developed initial proposals for supervisory training programs;
- developed plan for evaluation studies to assess supervisory practices and performance;
- developed and began issuing monthly communications on personnel management topics;
- developed plan for publication of a manual for supervisors.

#### Speed Up Classification Process

OE averages about 237 personnel transactions every month. As a result there is, I discovered, a chronic backlog. To overcome this problem

- We initiated a more systematic classification procedure;
- In addition as of November 30, 1978, 476 positions (20 percent) of all OE positions were audited, with 1,905 positions remaining.



We will complete classification surveys of all positions by December, 1980 and during 1980, we will

- take corrective action to assign employees to properly classified and described positions.

#### Implement Civil Service Reform

Public Law 95-454, the Civil Service Reform Act of 1978, was signed into law by President Carter last October. The law calls for substantial changes in the manner in which supervisors and management officials are appraised and compensated.

In response to a March 1979 memorandum from the HEW Assistant Secretary for Personnel, the Office of Education is developing a performance appraisal and merit compensation system.

To implement changes required by the Civil Service Reform Act in a timely manner,

- -- A booklet on Civil Service Reform Act was distributed to employees,
- Departmental initiatives were carried out to improve probationary employee evaluation, decisions on granting within grade increases and evaluation of supervisory performance;
- Positions were identified for inclusion in SES and the opportunity offered of conversion to current GS-16/18 personnel.



## 11. THE HORACE MANN CENTER

If the Office of Education is to be the leader in education, its efforts must begin at home.

When I first came to the Office of Education, it was clear that this agency was not using effectively its greatest resource, its people. Some training activities were in place, but they were fragmented. The time had come for the Office of Education to set a standard for the nation by creating within its own walls--a model for the continuing education of employees. The time had come for a learning center.

The Horace Mann Learning Center opened on October 6, 1978. Less than a year later I'm pleased to report that its attractive facility in the heart of the Office is fast becoming the vital nucleus for the learning and growth envisioned.

The Center is already directly improving the quality of work produced by this agency. It is doing this by increasing the skills and knowledge needed by its employees to perform their duties at all levels. The Academic and Career Development Branch of the Center is addressing these training needs with offerings such as

- office skill labs and seminars for secretaries and clerk/typists,
- seminars to orient entry-level professionals to the roles and functions of the Office,
- The Upward Mobility College and Intern programs for upgrading the knowledge capability of lower-level personnel, and
- courses in writing, a general skill need. I was delighted to conduct the "Language Improvement" course, to help eliminate the "bureaucratese" the President has promised to fight.

In addition, the Center has scheduled on-site courses in specialized areas arranged through local universities, the Office of Personnel Management, and private contractors. A sampling includes





- sign language for those employees who meet with constituents who are deaf or hard of hearing,
- a course for project officers in the new regulations governing the access of handicapped individuals to Federally funded projects, and
- an interpersonal skills program for supervisors.

There is also the chance to expand one's experience beyond this agency through programs like the Congressional Fellows, Intergovernmental Personnel Act assignments, and the Presidential Executive Interchange.

The Office has long realized its inadequacies in executive and management training. To correct this, in December, 1978 I signed a directive on executive and management development. This was a first step in establishing an Executive Development Branch within the Center. It is

- developing the 80 hours of supervisor training mandated by the Federal Personnel Act,
- creating a program to train both candidates for the Senior Executive Service (SES) and current members of the SES, and
- instituting training in performance appraisal as required by the Civil Service Reform Act.

The Education Forum Branch is the focus of innovative activity. To introduce our employees to the stimulating, view of educators, students, statesmen, and community leaders, and to provide a forum for sharing their own ideas, it has scheduled the following:

- "The 1978 Assembly" during American Education Week,
- The Teacher of the Year Lecture,
- The Presidential Scholars Panel,
- The Washington Policy Seminars, and
- "Education in America" seminars on issues like citizen participation.



Such special events are essential if we at the Office of Education are to keep our sights high and not get mired down by the narrow concerns of our daily tasks. They also serve to stimulate the creative thought of our people.

At the most basic level, new directions means new directions for our employees. To assure these a Counseling Unit is being set up within the Academic and Career Development Branch to

- train our employees in the skills needed for career planning, and
- help employees create individual development plans to achieve their own career goals while addressing the agency mission.

All employees are also taking part in training needs surveys to develop a comprehensive training plan for the Office. I hope soon to see this plan come to fruition, with all employees working to reach their full potential.

In his book, "Excellence," John Gardner said, "When an organization loses its capacity to evoke high individual performance, its great days are over." With the Horace Mann Learning Center encouraging and assisting the attainment of high individual performance, the great days of the Office of Education should just be starting.



## 12. AUDITS

Before the creation of the position of Executive Deputy Commissioner for Resources and Operations insufficient attention had been given to the resolution of audits conducted on Office of Education administrative programs. Major initiatives have been taken, however, to rectify this deficiency. To date

- The Audit Liaison Unit was reorganized, staffing increased and its functional capacity expanded to cover monitoring, tracking, and professional assistance.
- As of November 30, 1978 the total number of unresolved audits had been reduced from 1,080 to 502 and of those over six months old, from 600 to 205.
- From March, 1977 to March, 1979 the percentage of unresolved audits over six months old has declined steadily from 52 percent to 26 percent.
- Since March, 1977 the Bureau of Student Financial Aid had made significant progress in reducing its backlog of outstanding audits, going from 762 with 368 over six months old to 300 and 73 respectively as of November 30, 1978. Since December, 1978 the total number of audits unresolved on this Bureau has increased rapidly due to the new legislative requirement that there be an independent audit of each participating institution at least once every two years. The Bureau expects to keep pace with the influx by October, 1979 and then steadily reduce the total number outstanding.
- During the last 16 months, OE has started recovery action on \$19 million determined by the auditors as being owed the Federal government. So far, \$2.7 million has been collected in cash, \$5.8 million has been offset or otherwise adjusted, and accounts receivable have been established on the \$10.5 million remaining.
- The Education Appeal Board was established to supersede the old Title I Audit Hearing Board. This now ensures a greater number of recipients with a right to a hearing in audit disputes while at the same time, it aids us in the more effective and efficient implementation of our programs.





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